

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 25, 2017

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2771** by Phelan (Relating to the fee collected for an on-site wastewater treatment permit application.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2771, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2019.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	\$0
2019	\$0
2020	\$0
2021	\$0
2022	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>Water Resource Management</i> 153
2018	(\$330,000)
2019	(\$330,000)
2020	(\$330,000)
2021	(\$330,000)
2022	(\$330,000)

Fiscal Analysis

The bill would amend Texas Health and Safety Code, Section 367.008(b) to require the Texas Commission on Environmental Quality (TCEQ) to award competitive grants to support applied research and demonstration projects regarding on-site wastewater treatment technology and systems directed toward improving the quality of wastewater treatment and reducing the cost of providing wastewater treatment to consumers, including wastewater reuse. The bill would remove the authority to conduct seminars, educational courses, and other forms of dissemination as part of the competitive grant program. The bill would amend Texas Health and Safety Code, Section 367.010(d) to require that the \$10 fee collected for the processing of an on-site wastewater treatment permit application be used only for the purposes of awarding these competitive grants and for associated administrative costs. The bill would amend Texas Water Code, Section 5.701(p) to remove the permit fee reference from the list of fees deposited to Account 153 that may be appropriated and used to protect water resources in the state of Texas notwithstanding any other law.

The bill would apply only to applications received by TCEQ on or after the effective date of the bill. The bill would take effect September 1, 2017.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

Under current law, TCEQ is permitted by Texas Water Code, Section 5.701(p) to use fee revenue from the processing of on-site wastewater treatment permit applications to protect Texas water resources; the fee revenue supports water quality activities funded from Account 153. TCEQ is not currently spending the fee revenue on competitive grants.

The Comptroller estimates that revenue collections from the permit fee would total \$330,000 each fiscal year. This analysis assumes that the full amount of revenue would be used by TCEQ to award competitive grants and support associated administrative costs to implement the provisions of the bill.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

LBB Staff: UP, SD, MSO, SZ, MW